



Indiana Housing & Community Development Authority



# Opportunities for Homeownership in Indiana

## IT ALL BEGINS AT HOME...

Under the leadership of Lt. Governor Becky Skillman, IHEDA contributes to Indiana's economy by creating housing opportunity, generating and preserving assets, and revitalizing neighborhoods. As families become more financially stable, they put down roots, spend their money locally, and climb the economic ladder. In turn, communities grow and prosper, broadening their tax base, creating new jobs, and maximizing local resources. IHEDA's work is truly a vehicle for economic growth, and it all begins at home.

IHEDA is proud to make the dream of buying a home a reality for thousands of families all across our state. We offer programs that assist Hoosiers with closing costs, making down payments, and obtaining low interest fixed rate loans. In every county across Indiana there are lenders on hand to help with Indiana Housing and Community Development Authority programs. Explore our resources to learn about what programs are available to help you realize the dream of owning a home in Indiana.



## IHCDA'S MORTGAGE PRODUCTS

### FIRST HOME

*First Home* offers qualified homebuyers a low, fixed interest rate on a conventional or government-insured loan. Your lender can help you determine the best loan for your financial position. To qualify you must:

- Be income eligible. Income limits vary based on family size and location.
- Be a first-time homebuyer—someone who has not owned or had an ownership interest in his/her principal residence in the last three years.
- Get approved for the desired loan. Your lender will consider income, job stability, creditworthiness, and other criteria when assessing your ability to afford a home.
- Negotiate a purchase price that meets the purchase limits for your area.
- Purchase a single-family home or a manufactured home (permanently affixed to a foundation).
- Successfully complete the IHCDA University, an online homebuyer education course found on IHCDA's website, [www.ihcda.in.gov](http://www.ihcda.in.gov).

### FIRST HOME PLUS

*First Home Plus* offers homebuyers the *First Home* interest rate, plus assistance with down payment and closing costs of up to 6% of the purchase price (not to exceed \$7,500). This greatly reduces the out-of-pocket expenses associated with buying a home. To take advantage of *First Home Plus*, you must meet all *First Home* qualifications as well as additional income restrictions.



Homes purchased in federally targeted areas or homes purchased by veterans may qualify for a waiver of the first-time homebuyer requirement.



Persons with disabilities may qualify for *First Home Plus* assistance of up to 10% of the purchase price (not to exceed \$15,000).

### MORE INFORMATION

For more information about our *First Home* products, including income and purchase limits, participating lenders, and a listing of federally targeted census tracts, please visit our website at [www.ihcda.in.gov](http://www.ihcda.in.gov).

## MORTGAGE CREDIT CERTIFICATE

### HOW A MORTGAGE CREDIT CERTIFICATE WORKS

The Mortgage Credit Certificate (MCC) offers qualified homebuyers an annual tax credit of up to \$2,000 on their federal taxes for the duration of the mortgage (not to exceed 30 years). Reducing your tax liability increases the income you have available for mortgage payments or home repairs and improvements.

The Mortgage Credit Certificate may be applied to all types of mortgages (e.g., conventional or government insured, fixed or adjustable rate). However, the MCC may not be used in conjunction with IHCD's *First Home* interest rate product.

Additional information about MCCs including eligibility requirements and participating lenders may be found on IHCD's website at [www.ihcda.in.gov](http://www.ihcda.in.gov).

### MORTGAGE CREDIT CERTIFICATE RATES BY MORTGAGE AMOUNT

Mortgage Amount	Tax Credit Rate
\$50,000 and less	35%
\$50,001 to \$70,000	30%
\$70,001 to \$90,000	25%
\$90,000 and more	20%

### EXAMPLE OF HOW THE MCC CREDIT WOULD BENEFIT YOU AS THE BORROWER

1	x	Mortgage Amount of \$100,000
		6% Interest Rate
		<b>\$6,000 Yearly Interest</b>
	x	\$6,000 Yearly Interest
		20% Tax Credit
		<b>\$1,200 Credit to the Borrower</b>

2 To enhance the benefit of the Mortgage Credit Certificate, seek assistance from your employer or a certified accountant to lower your monthly withholding which will increase your "take home pay."



## EDUCATING YOURSELF ABOUT HOMEOWNERSHIP

An educated homeowner is a successful homeowner. Before making your purchase, consider these suggestions to help you plan and prepare for becoming a homeowner.

- **Pull a full credit report, with information from all three major reporting agencies.** Your credit reports are an ongoing snapshot showing how you manage your finances. Your credit report plays a vital role in the mortgage approval process and in determining the interest rate and other loan terms that a lender may offer you. *Credit reports often contain factual errors that can complicate or even prevent a loan approval.*
- **Determine your monthly budget.** Be sure to include all of your living expenses and all sources of debt repayment. This will help you determine the mortgage payment you can afford.
- **Decide how much house you need.** Understanding your needs vs. wants for a home can save you time and money when embarking on the house hunting process. Be realistic and keep your budget in mind.



Most lenders suggest that you spend no more than 28% of your monthly income on a mortgage, including the costs of property taxes, homeowner's insurance, and Private Mortgage Insurance (if applicable).

- **Begin the mortgage pre-approval process.** This is an informal way to see how much you may be able to borrow. Your pre-approval also helps smooth the entire home-buying process, including providing additional leverage in negotiations.
- **Consider hiring a realtor.** Real estate agents not only help buyers locate homes, but are expert negotiators and can guide you through the process of becoming a homeowner. Remember, the seller of the property pays for the realtor, so as a buyer, there is no cost to you for hiring an agent.



To determine how much you need to have saved before you buy a home, here are some basic expenses to consider:

- Down payment (3.5% -20% based on credit and loan product)
- Closing costs
- Moving expenses (boxes, trucks, moving companies, etc.)
- Costs associated with turning on or transferring utilities
- Appliance purchases (if applicable)
- Furniture purchases (if applicable)
- Lawn equipment purchases (if applicable)

### EDUCATE YOURSELF

IHCDA University is a free online educational course designed to inform Indiana consumers about the basics of purchasing a home. The course walks potential buyers through the planning process, managing money, understanding credit, and selecting the right mortgage product.



Once you've been pre-approved, large credit card purchases, new lines of credit, or changes to your credit profile may jeopardize your loan. The loan offer is contingent upon your credit landscape remaining stable from pre-approval to closing.

## BUDGETING AND SPENDING TIPS

- Plan ahead.
- When you go shopping, take only cash and stick to your list. Individuals who use credit and/or debit cards to make purchases are more likely to make impulse purchases and exceed their budget allocations.
- Buy items you use frequently in bulk, and use coupons.
- Car pool or use public transportation.
- Bundle your utilities and other services (if possible).
- Take advantage of federal energy credits and weatherize your home to reduce energy waste.
- Use sites such as Freecycle.org to obtain free items for your home, and online auction sites to sell items you no longer need for extra cash.
- Eat at home and bring your lunch to work to reduce dining out expenses.
- Search your local Community Calendar for free events to attend.

## MOVING CHECKLIST

### 6-12 months

- Pull credit report and repair errors
- Begin to pay down debts
- Determine a realistic budget
- Begin saving for moving expenses

### 3-6 Months

- Develop a personal checklist
- Determine housing needs vs. wants
- Start mortgage pre-approval process
- Find a real estate agent
- Begin property search

### 2-3 Months

- Compare and evaluate homes
- Select a home
- Offer and purchase contract
- Complete a home inspection
- Make closing arrangements

### 5-6 Weeks

- Plan your moving arrangements
- Monitor mortgage process
- Arrange for any school transfers or registrations
- Arrange homeowners insurance

### 3-4 Weeks

- Begin basic packing
- Make address changes
- Arrange for utilities at new home

### 1-2 Weeks

- Confirm mover
- Verify closing details with settlement agent
- Confirm any final mortgage details
- Finish packing

## HELPFUL WEBSITES

[www.annualcreditreport.com](http://www.annualcreditreport.com) | [www.powerpay.org](http://www.powerpay.org) | [www.freecycle.org](http://www.freecycle.org) | [www.nfcc.org](http://www.nfcc.org)

## **THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**

The IHCDA works to create housing opportunity, generate and preserve assets, and revitalize neighborhoods by providing financial resources and assistance to qualified partners for their development efforts throughout Indiana. The activities that we finance help families become more stable, establish roots, and climb the economic ladder. In turn, communities grow and prosper – broadening their tax base, creating new jobs, and maximizing local resources. IHCDA drives economic growth – and it all starts at home.



**Lt. Governor Becky Skillman serves as Chairman of the Board for IHCDA.**

**Lt. Governor Skillman is committed to growing Indiana's economy through housing development and community revitalization.**